

### ANNUAL NOTICE

## Concerning Federal Laws & Acts and Policies of YOUR EMPLOYER-SPONSORED HEALTH PLAN

For Calendar Year 2014

City of Jackson Medical Benefit Plan, Department of Personnel Management - Benefits Section (601) 960-1051 or (601) 960-2288

P.O. Box 17, Jackson, MS 39205-0017 Distribution Date: 10/14/2013

Distribution Date: 10/14/2013

### WHAT YOU SHOULD KNOW

The City of Jackson is pleased to provide its eligible employees, retirees, and their dependents with a quality health plan and dental plan providing some of the best benefits at the lowest cost to employees in our area.

This newsletter provides important information about federal laws and acts that affect your coverage. It also includes information about the policies and procedures of the City of Jackson Medical Benefit Plan (the Plan). You should read this notice carefully and keep it with your important papers. This notice, along with your Benefits Booklet, will assist you in understanding your rights under the Plan and your responsibilities to the Plan.

#### **GRANDFATHERED STATUS**

The City of Jackson Medical Benefit Plan is a "grandfathered plan" under the Affordable Care Act. As permitted by the Act, a grandfathered plan may preserve certain basic health coverage that was already in effect when that law was enacted. As a grandfathered health plan, the Plan may not include certain consumer protections of the Act that apply to other plans; for example, the requirement for the provision of preventive health services without cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Act, such as the elimination of lifetime limits on benefits.

Questions regarding which protections may or may not apply to a grandfathered health plan and what might cause a plan to change its status can be directed to the City of Jackson, Department of Personnel Management, (601) 960-1051. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor: 1-866-444-3272 or www.dol.gov/ebsa/healthreform.

### AVAILABILITY OF SUMMARY HEALTH INFORMATION

As an employee of the City of Jackson, the health benefits available to you represent a significant component of your compensation package. They also provide important protection for you and your family in the case of illness or injury. To help you make an informed choice concerning health coverage, the City of Jackson Medical Benefit Plan makes available a Summary of Benefits & Coverage (SBC) which uses a standard format to provide important information about your health coverage through this Plan. The SBC is available on the Employee Section of the City's web site: <a href="https://www.jacksonms.gov">www.jacksonms.gov</a>. A paper copy is also available, free of charge, by contacting the City of Jackson, Department of Personnel Management, (601) 960-1051.

#### PRIVACY NOTICE

The Plan and its associates, like Blue Cross Blue Shield of Mississippi, adhere to and comply with the Privacy Act. The Plan and its associates have adopted practices and procedures to protect the privacy of your medical information. The Plan's privacy policy is available from the City of Jackson, Department of Personnel Management-Insurance Section. Blue Cross Blue Shield of Mississippi also states its privacy policy on the website, www.bcbsms.com.

#### PATIENT PROTECTION

The Plan does not restrict coverage to any specific physician and the individual may designate any primary care, pediatrician, obstetric, gynecological, or specialty care provider in the network. A list of covered physicians, hospitals, and other medical providers may be obtained from Blue Cross Blue Shield of Mississippi, www.bcbsms.com.

### **SECTION 125 PREMIUM CONVERSION PLAN**

The Section 125 Premium Conversion Plan allows you to pay your employee contribution with pre-tax dollars through salary reduction. The employee contribution is deducted from your paycheck <u>before</u> taxes are taken out. This allows you to increase your spendable income by reducing your taxes (your Social Security retirement benefit may be slightly reduced). You may change your election from pre-tax premiums for the coming year during the Open Enrollment Period or during the Plan Year if you incur a Change-In-Status Event.

#### HEALTH FLEXIBLE SPENDING ACCOUNT (FSA)

The Affordable Care Act places a \$2,500 annual limit on employee salary reduction contributions to a health FSA. Unused employee contributions to the health FSA for the 2013 plan year that are carried over into the grace period for that plan year will not count against the \$2,500 limit for the 2014 plan year. Please note that over-the-counter drugs are no longer eligible for reimbursement without a doctor's prescription.

#### **CONTACT INFORMATION**

You may contact the City of Jackson, Department of Personnel Management by calling (601) 960-1051 or (601) 960-2288.

City of Jackson
Department of Personnel Management – Insurance Section
P.O. Box 17
Jackson, MS 39205-0017

#### NOTICE OF A SPECIAL ENROLLMENT PERIOD

If you or any of your family members declined coverage in the Plan when first eligible for coverage (or during the annual Open Enrollment Period), you and your Eligible Dependents may enroll in the Plan when certain events cause a Change-In-Status Event. Some Change-In-Status Events result in termination of coverage for a dependent. To make an enrollment change due to a Change-In-Status Event, you must contact the Human Resources Department within 30 days (unless otherwise noted) of the event. Change-In-Status Events include:

- 1. A change in your marital status (marriage, divorce, legal separation, or death of your spouse).
- 2. A change in the number of your dependents (birth or adoption of a child, child placed with you for adoption, death of a child, or obtaining legal guardianship of a child by court order).
- 3. A change in you or your spouse's employment status, such as starting/ending employment, changing from part-time to full-time or vice versa, a strike or lockout, taking or returning from an unpaid leave of absence, or leave under the Family and Medical Leave Act or USERRA during which your or your spouse's coverage terminated.
- 4. Exhaustion of your coverage period under a previous employer's COBRA continuation.
- 5. A significant change in the costs of or coverage provided by your spouse's employer-sponsored health plan or a significant change in the costs of your coverage provided by this Plan.
- 6. A change in the eligibility status of a dependent child, such as the child reaching age 26 the maximum age for coverage under the Plan.
- 7. An end to the Disability of a Disabled child enrolled as your dependent under the Plan or an end to the eligibility of a Disabled child because the Employee has retired.
- 8. A required change due to a court order.
- 9. Change in your residence or work site, or that of a spouse or dependent, which affects ability to access benefits under this or another employer-sponsored health plan.
- 10. You or your dependent becoming entitled to Medicare or Medicaid.
- 11. You or your dependent(s) loss of coverage under Medicaid or a State Children's Health Insurance Plan (SCHIP) because of loss of eligibility. Enrollment request must be made within 60 days of the termination of coverage.
- 12. You or your dependent(s) becomes eligible for the premium assistance under Medicaid or SCHIP. Enrollment request must be made within 60 days of becoming eligible for the premium assistance.

### NOTICE OF YOUR RIGHT TO COBRA CONTINUATION COVERAGE

The right to COBRA coverage was created by the federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985. COBRA continuation coverage can become available to you or a dependent when you or a dependent would otherwise lose your group health coverage.

There are time limits on when a member may apply for the COBRA continuation of coverage. It is vital that you notify the Human Resources Department when there is a COBRA qualifying event that may affect your coverage or that of your dependent, such as: 1) your hours of employment are reduced, 2) your employment ends for any reason, 3) your spouse dies, 4) your spouse's hours of employment are reduced, 5) your spouse's employment ends, 6) your spouse becomes entitled to Medicare benefits, 7) you become divorced or legally separated from your spouse, 8) the child's parent-employee dies, 9) the parentemployee's hours of employment are reduced, 10) the parent-employee's employment ends, 11) the parentemployee becomes entitled to Medicare benefits, 12) the parents become divorced or legally separated, or 13) the child stops being eligible for coverage under the Plan as an Eligible Dependent.

Information about rights under COBRA can be found in your City of Jackson Medical Benefit Plan Benefits Booklet. You can also obtain information about COBRA from the City's Claims Administrator, Blue Cross Blue Shield of Mississippi. To have a copy of the Benefits Booklet explaining COBRA and your rights under the Act mailed to you free of charge, contact the City of Jackson, Department of Personnel Management, (601) 960-1051.

### NOTICE OF THE PLAN'S OPT-OUT OF SOME FEDERAL REGULATIONS

The Plan has elected to opt-out of certain federal regulations including: the Health Insurance Portability & Accountability Act of 1996 (HIPAA), as amended by the Affordable Care Act, the Newborns' & Mothers' Health Protection Act of 1996 (NMHPA), the Mental Health Parity Act of 1996 (MHPA), the Mental Health Parity & Addition Equity Act of 2008, and Michelle's Law (2008). The Plan does comply with HIPAA provisions for special enrollment rules and discrimination based on health status rules.

Health Insurance Portability & Accountability Act ("HIPAA"): Many of the provisions of HIPAA do not apply to the Plan or the Plan is already in compliance with these provisions. For example, HIPAA requires a special enrollment period for employees who incur a Change-In-Status Event concerning eligibility of family members. The Plan has always offered this benefit. HIPAA also prohibits health plans from discriminating against employees based on health status. The Plan has never imposed discriminatory rules.

Beginning in 2014, the Affordable Care Act (ACA) prohibits pre-existing condition waiting periods. Effective January 1, 2014, the City of Jackson Medical Benefit Plan will no longer utilize a pre-existing condition waiting period. This Plan previously required new employees and dependents, age 19 and over, to serve a pre-existing condition waiting period before coverage became effective.

Departing employees or dependents no longer eligible will be provided a Certificate of Creditable Coverage from this Plan that can be submitted to possibly offset the waiting period for coverage of pre-existing conditions under a new health plan which may not be subject to the ACA mandates. Departing employees and dependents no longer eligible for coverage will be entitled to COBRA coverage.

Newborns' & Mothers' Health Protection Act (NMHPA): The NMHPA establishes minimum in-patient hospital stays for newborns and mothers following delivery, based on medical necessity. The Plan has never imposed limitations regarding the length of an in-patient hospital stay following delivery. The Plan's decision to opt-out of NMHPA will have no effect on current or new employees.

Mental Health Parity Act (MHPA): The Mental Health Parity Act does not allow plans to establish financial limits on mental health treatment, but does allow Plans to establish limits on the number of out-patient office visits, number of in-patient days allowed, coverage of prescription drugs to treat mental health conditions, or elimination of mental health treatment altogether. The Plan provides treatment for mental and nervous conditions as well as substance abuse, with specific limitations.

Mental Health Parity & Addiction Equity Act of 2008 (MHPA 2008): Expands parity to include substance use disorder benefits as well as mental health benefits; prohibits applying financial requirements or treatment limitations that are more restrictive than the financial requirement or treatment limitations that apply to medical and surgical benefits; prohibits the use of separate cost-sharing requirements or treatment limitations that apply only to mental health and substance use disorder benefits; and requires plans to make available to participants the standards for medical-necessity determinations and reasons for any denial of benefits relating to mental health and substance use disorder benefits. Please review the Health Plan's benefits booklet for benefits and limitations provided by the Plan which are not in compliance with this Act.

Michelle's Law: Provides that a group health plan may not terminate the coverage of a full-time student due to a medically necessary leave of absence. The Affordable Care Act (ACA) requires coverage of a dependent child up to age 26 regardless of full-time student status. The City's Plan complies with ACA and extends coverage to all dependent children to age 26 regardless of student status.

#### WOMEN'S HEALTH & CANCER RIGHTS ACT

The Plan complies with the Women's Health & Cancer Rights Act. The Plan provides medical benefits for mastectomies for treatment of breast cancer including reconstructive surgery of the breast on which the mastectomy was performed and of the other breast to produce a symmetrical appearance; prosthesis and coverage of physical complications resulting from all stages of the mastectomy, including lymphedema. Coverage of prosthesis includes initial placement of prosthesis and replacements as determined to be Medically Necessary. Coverage of prosthesis also includes the brassiere required to hold the prosthesis, limited to a Plan Year Maximum Benefit of four (4) brassieres.

# THIS NOTICE APPLIES TO ACTIVE/RETIRED EMPLOYEES AND DEPENDENTS ELIGIBLE FOR MEDICARE DUE TO AGE OR DISABILITY

(NOTE: RETIREES AND THEIR DEPENDENTS ELIGIBLE FOR MEDICARE DUE TO AGE OR DISABILITY ARE NO LONGER ELIGIBLE TO REMAIN ON THE PLAN AS OF MARCH 1, 2007)

### IMPORTANT NOTICE ABOUT YOUR PRESCRIPTION DRUG COVERAGE AND MEDICARE – 2014

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the City of Jackson Medical Benefit Plan and your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

- Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
- Blue Cross Blue Shield of Mississippi has determined that the prescription drug coverage offered by the City of Jackson Medical Benefit Plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and

is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium if you later decide to join a Medicare drug plan.

### When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15<sup>th</sup> through December 31<sup>st</sup>.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

### What Happens To Your Current Coverage If You Decide To Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current City of Jackson Medical Benefit Plan coverage will not be affected. City of Jackson Medical Benefit Plan will maintain coverage as the primary payer to Medicare Part D for any individual who elects Medicare Part D.

If you do decide to join a Medicare drug plan and drop your current City of Jackson Medical Benefit Plan coverage, be aware that you and your dependents will not be able to get this coverage back until the next open enrollment period for the following calendar year.

### When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current coverage with the City of Jackson Medical Benefit Plan and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later. If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

### For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact the City of Jackson, Department of Personnel Management. **NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through the City of Jackson Medical Benefit Plan changes. You also may request a copy of this notice at any time from the City of Jackson, Department of Personnel Management.

### For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit <u>www.medicare.gov</u>
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help.
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

#### HOW TO CONTACT THE CITY OF JACKSON:

City of Jackson
Department of Personnel Management – Insurance Section
P.O. Box 17
Jackson, MS 39205-0017

(601) 960-1051 or (601) 960-2288

### Medicaid and the Children's Health Insurance Program (CHIP) Offer Free or Low-Cost Health Coverage to Children and Families

If you are eligible for coverage through the City of Jackson Medical Benefit Plan but are unable to afford the premiums, some States have premium assistance programs that can help pay for coverage. These States use funds from their Medicaid or CHIP programs to help people who are eligible for employer-sponsored health coverage, but need assistance in paying their health premiums.

If you or your dependents are already enrolled in Medicaid or CHIP, you can contact your State Medicaid or CHIP office to find out if premium assistance is available.

If you or your dependents are NOT currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your State Medicaid or CHIP office or dial **1-877-KIDS NOW** or *www.insurekidsnow.gov* to find out how to apply. If you qualify, you can ask the State if it has a program that might help you pay the premiums for an employer-sponsored plan.

Once it is determined that you or your dependents are eligible for premium assistance under Medicaid or CHIP, your employer's health plan is required to permit you and your dependents to enroll in the plan – as long as you and your dependents are eligible, but not already enrolled in the employer's plan. This is called a "special enrollment" opportunity, and you must request coverage within 60 days of being determined eligible for premium assistance.

To see if you live in a State that has a premium assistance program or for more information on special enrollment rights, you can contact:

U.S. Department of Labor Employee Benefits Security Administration 1-866-444-3272 www.dol.gov/ebsa

U.S. Department of Health & Human Services Centers for Medicare & Medicaid Services 1-877-267-2323 ext 61565 www.cms.hhs.gov

Mississippi Medicaid 1-800-421-2408 or 601-359-6050 www.medicaid.ms.gov